



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Daniel C. McKay, II
Vedder Price
222 North LaSalle Street
Chicago, Illinois 60601

MAY 05 2009

RE: MUR 6168
Park Federal Savings Bank

Dear Mr. McKay:

On April 30, 2009, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1548.

Sincerely,

A handwritten signature in cursive script that reads "Elena Paoli".

Elena Paoli
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of

Park Federal Savings Bank

MUR 6168

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Park Federal Savings Bank ("Respondent" or "Park") violated 2 U.S.C. § 441b.

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Park Federal Savings Bank is a federally chartered savings association in Chicago, Illinois.

2. GPS Corporation ("GPS") is a state-chartered wholly owned subsidiary of Park.

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3. GPS was incorporated in 1974 and conducted an active insurance agency business until 1994. In 1994, GPS sold its insurance agency business, but not its insurance license, to a third party insurance agency. GPS continued to receive commission payments from the insurance business buyer through 1998 and earned approximately \$27,800. GPS has continued to pay to keep its insurance license because it may decide to re-enter the insurance agency business. License fees and other expenses have caused GPS to incur approximately \$20,000 in net losses since 1999.
 4. GPS continues to have funds in a bank account that it earned previously and remains in good standing with the Illinois Secretary of State. GPS's officers and directors are identical to Park's, and the GPS Board of Directors discontinued its meetings in 2005.
 5. GPS made 14 contributions to state and local political committees from August 12, 2004 to August 30, 2007, totaling \$6,950.
 6. Park made a \$1,300 contribution to a state or local political committee on June 1, 2004.

Applicable Law

7. National banks and corporations organized by authority of any law of Congress are prohibited from making any contribution in connection with any election to any political office. 2 U.S.C. § 441b(a).
8. In Advisory Opinion 1980-7 (California Savings & Loan League), the Commission said that a wholly owned, state-chartered subsidiary of a federally chartered savings association could not make political contributions if the subsidiary and the parent bank could be characterized as one entity. In other words, "[A] subsidiary

corporation is considered a distinct legal entity, an entity in its own right, apart from the parent. However, where circumstances are such that one corporation is merely an agent, instrumentality, or alter ego of another corporation, the notion of separate corporate existence of parent and subsidiary will not be recognized." AO 1980-7 (California Savings & Loan League) (*citing* 18 Am. Jur. 2d *Corporations* § 17 (1980)). In such a case, political contributions by the subsidiary would be considered prohibited political contributions by the federally chartered corporation.

9. Courts consider a variety of factors to determine whether to disregard the corporate entity and hold a parent liable for the acts of its subsidiary, including the failure of the subsidiary to observe corporate formalities, maintain corporate records, or retain functioning officers, and its undercapitalization or insolvency. *See* 18 Am. Jur. 2d *Corporations* §§ 54, 61-65.
10. Courts will disregard the fiction of a separate legal entity when there is such domination of finances, policy, and practices by the parent that the subsidiary has no separate existence of its own and is merely a business conduit for its principal. *Id.* at § 65; *cf.* MUR 5628 (AMEC), First General Counsel's Report at 12-13 (declining to hold parent liable where subsidiary maintained an independent management team and operated with relative autonomy from parent); AO 1998-11 (Patriot Holdings) (superseded in part by limited liability company regulations) (concluding that subsidiaries were not the "agent, instrumentality, or alter ego" of the parent entity where the parent did not pay the salaries or expenses of the subsidiaries, and the subsidiaries' contracts with third parties did not contain clauses holding the parent liable for breach).

V. Respondent made \$8,250 in political contributions in its own name and through GPS, its wholly owned, state chartered subsidiary, in violation of 2 U.S.C. § 441b. Respondent will cease and desist from violating 2 U.S.C. § 441b.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of two thousand four hundred dollars (\$2,400), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

**Park Federal Savings Bank
MUR 6168
Conciliation Agreement**

oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

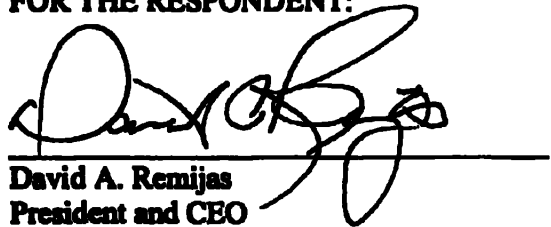
**Thomasenia P. Duncan
General Counsel**

BY:


**Ann Marie Terzaken
Associate General Counsel
for Enforcement**

5/5/09
Date

FOR THE RESPONDENT:


**David A. Remijas
President and CEO
Park Federal Savings Bank**

3/31/09
Date

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